Remarks of
Debra A. Leach
Executive Director
National Licensed Beverage Association

News Conference
National Press Club
Washington, DC

October 24, 1996

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Good morning. My name is Debra Leach. I'm the Executive Director of the National Licensed Beverage Association, NLBA as we'll be calling it, the Alexandria, Virginia-based association representing bars, taverns, restaurants, package stores, hotels, and others in the hospitality business.

I'll be serving as your moderator this morning as we report to you on a recent poll which largely confirms my organization's beliefs that OSHA's anti-smoking regulations are a burdensome and unnecessary government intrusion into the business environment. Our concern is with our members' ability to provide unique gathering places where customers and employees feel welcome and comfortable. We are after all in the hospitality industry.

I want to thank the members of the media and other guests who have joined us this morning.

Our other speakers will be; Jim Simpson, the President of NLBA and the owner of The Liquor Store in Waldorf, MD; and Sally Daniels, senior project director for Roper Starch Worldwide.

Each speaker will have a few brief remarks, and then we'll give you as much time as possible for questions.

We'll hear from Jim and Sally in just a few moments, but let me first give you the background.

Last February, NLBA held a news conference here to mark the close of the comment period for the Indoor Air Quality regulations under consideration since 1994 by the Occupational Safety and Health Administration, OSHA. Under OSHA's proposed Indoor Air Quality regulation, no one could smoke where they work, work where they smoke, or work where anyone else is smoking. As "workplace" includes; dining areas, bars, hotel rooms, and anywhere else work is performed, no wait staff or service personnel could enter smoking areas. The result would be a smoking ban for the entire hospitality industry.

We believed then, and now, that this ban would cause a serious loss of business and jobs for the people who work in bars and restaurants. We said in February that we hoped the end of the comment period would also mean the end of the proposal.

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Unfortunately, the proposal is still with us and under active consideration by OSHA.

I also want to mention that OSHA has wrapped their anti-smoking plan in a web of complex, expensive, and unnecessary rules covering other air quality issues. Compliance with these other provisions would be a costly nightmare for any small business owner.

OSHA expects business owners, even small business, to draw up comprehensive indoor air quality plans dealing with everything from a bit of car exhaust which may drift inside when the front door is open, to carpet fumes, to cooking-related smoke and fumes, to asbestos buried in the walls, to fumes from cleaning substances, air conditioning systems, and more.

I want to stress that NLBA is opposed to the entire thrust and approach of the OSHA proposal. Our members often spend more time in their place of business than any of their employees. They are very concerned about air quality. They would appreciate information. They don't need costly new rules that will drive up costs and drive away customers.

Given that background, NLBA wanted to gather more information to find out if bars and restaurants across the nation shared our concern, especially about the smoking ban provisions of the proposed rules. Frankly, we needed to know if we were accurately representing how our 16,000 members and others in the business really felt.

We decided that a nationwide survey was the best way to gauge their sentiments. An unrestricted research grant from Philip Morris made it possible. We asked Roper to design and conduct an objective study of the issue. The data was collected last month. Today, we are releasing it.

As you will see, the survey delivered a strong message, even stronger than we originally thought -- bar and restaurant owners don't like OSHA's plan! They don't want smoking policy for a corner tavern in Montana to be set in a corner office in Washington, DC.

Roper interviewed owners or managers of 650 bars and 650 restaurants. They asked a range of questions covering current smoking policies and the expected impact if a universal smoking ban were imposed. The press kits have a summary of the key findings, so I won't stand here and read a lot of numbers at you. But let me tell you what looked important to us as we reviewed the findings.

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The survey demonstrates the very real concerns of the hospitality businesses who will have to deal with the impact of OSHA's proposed national smoking ban. The majority of owners and managers of establishments that permit smoking or have smoking sections believe that this regulation will result in smoking customers patronizing their establishments less often and spending less money while they are there.

A whopping 83 percent of all bar owners anticipate a loss of revenue due to OSHA's smoking ban and most of those, 81 percent, predict their losses will be over 15 percent. A significant number of all restaurant owners and managers, 39 percent, and even more, 49 percent of those establishments currently permitting smoking, believe the smoking ban will result in lower revenues. Over 85 percent of those expecting losses say their losses will exceed 5 percent of their revenues.

Most of those who expect sales to go down also expect to have to lay off workers as a result.

If the OSHA proposal takes effect, real people are going to lose real jobs as an unintended result of action taken by an agency of the federal government that is, ironically, charged with protecting workers.

This study clearly demonstrates that owners and managers of restaurants, bars, and taverns feel strongly that non-smoking customers would not come more often because of the smoking ban, nor would the people who do come spend more money in their establishments.

Bar and restaurant owners don't live in a vacuum. Most restaurants have voluntarily adopted some sort of smoking policy to balance the concerns of smokers and non-smokers, both workers and customers. Many have invested substantial sums in ventilation equipment so everyone will be more comfortable. Over 90 percent of those surveyed feel that both their customers and employees accept their establishment's smoking policies either fairly well, or very well - the vast majority responding "very well." What's more, 91 percent of bar/tavern respondents and 72 percent of restaurateurs preferred to make their own smoking policies without interference from state, local or federal governments.

We also went a step further and asked our own economic consultant, Dr. Steve Barsby of Molalla, Oregon, to analyze the Roper results and tell us what they meant in terms of actual

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sales and job losses. Dr. Barsby has more than two decades of experience analyzing sales and other economic data involving the alcohol beverage and other industries. We believe the estimates he came up with are very conservative. Nevertheless, they are sobering.

Dr. Barsby estimates that restaurants will lose 3 billion dollars in sales, and that bars and taverns will lose 1.6 billion if OSHA's rules go into effect. That's over 4.5 billion dollars in lost sales per year!

Those sales declines will mean job loses. Some businesses will close altogether. Nationwide, Dr. Barsby believes that based on the estimated sales loss about 138,000 jobs will be eliminated.

But that's just the start. Virtually every business which sells products or services to bars and restaurants will also feel the impact. That includes food distributors, beverage distributors, landlords who collect rents based on sales, and even the government sales, excise, and income tax collectors will come up short.

And keep in mind that 57 percent of the lost sales will be lost food sales with only 43 percent of the losses coming in beverage sales.

NLBA believes the Roper data confirm our belief that OSHA's Indoor Air Quality rules would be a catastrophe for thousands of small bars and restaurants. We strongly believe and the survey confirms it, that the marketplace is handling the smoking issue and there is no need for government interference. Workers who want a smoke-free environment have no trouble finding such a workplace.

NLBA asks OSHA to listen to the small business owners and their workers who will suffer needlessly if these regulations are imposed. We believe OSHA should rethink their regulations, reopen the record, and look at reasonable alternatives that are already working in the marketplace, such as ventilation, separation, and accommodation.

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Remarks of
James C. Simpson, III
President
National Licensed Beverage Association

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Good morning. My name is Jim Simpson. I own and operate a beer, wine & spirits package store, known simply as The Liquor Store in Waldorf, Maryland.

I am a past president of the Maryland State Licensed Beverage Association, and since 1993 I have served as President of the NLBA.

On behalf of the National Licensed Beverage Association, I am today re-stating our opposition to the proposed indoor air quality regulations which would effectively ban smoking in most of America's 300,000 bars, nightclubs, and fully licensed restaurants, as well as virtually every other workplace in America.

As I pointed out last February when we held a news conference here, the circumstances of the hospitality industry really spotlight the fundamental flaws in the OSHA plan to make radical changes in American lifestyles. Government can force us to provide a pristine workplace free of all manner of known and suspected bad things, but they can't force customers to come through our doors. If we are forced to alter our business environment so that large numbers of current customers can no longer relax and enjoy our hospitality - they simply won't come. I think most of our workers would rather have a job with a little smoke in the air, than face the stifling pure air of the unemployment office!

The evidence from Maryland suggests that if OSHA implements their rule it will give birth to unprecedented harassment of retail businesses by a volunteer army of anti-smoking zealots. They will be the enforcement arm of this regulation, and they won't be bound by the normal rules of official conduct. When Maryland passed a sweeping ban on workplace smoking in 1995, just such an army of anti-smoking vigilantes began fanning out across the state to sniff out and snuff out violations. Even though they were originally only supposed to respond to complaints from workers, the Maryland equivalent of OSHA found that more than half of the more than 300 complaints they received in the first ten months of the new rules were NOT from employees. So that even in a small business where the owner and workers smoke, the unofficial smoking police are out looking for technical violations and creating expensive and time consuming work for both the state and for the affected business owners. This is not a story I'd like to see repeated on a national scale.

As a small business owner myself, what really strikes me about the Roper study that we are releasing today is how clearly it demonstrates that bar and restaurant owners are already paying attention to shifting public attitudes. They have to. That's what you have to do when you are in business. Many establishments have invested in air filtration and circulation equipment. Only about half the bars and only one sixth of the restaurants have cigarette vending machines. 77 percent of restaurants and 11 percent of bars have imposed some limitation on customer smoking, mostly without pressure from government. Clearly, the marketplace is responding to public attitudes while continuing to offer freedom of choice for workers and customers. Both groups deserve to be able to find the kind of atmosphere they prefer. There is no more need for a uniform nationwide smoking policy than there is for a uniform nationwide menu in America's restaurants and bars.

We believe a handful of anti-smoking activists are pressuring OSHA to issue far more sweeping regulations than are justified by science or our national ethic of promoting diversity and choice.

Just as the poorly considered prohibition of alcohol earlier this century led to a number of unintended

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unlicensed, underground gathering places, lets call them smoke-easies - will emerge to satisfy the desire of smokers for a place to relax and socialize. Law enforcement has enough to grapple with already.

I believe the OSHA proposal flies in the face of current trends to reduce the size and scope of federal regulation and let citizens craft solutions that make sense to local people. There is no more compelling reason for uniform smoking rules nationwide than there is for uniform speed limits, uniform sales taxes, or uniform business operating hours. Diversity and tolerance used to be considered virtues in this country. We believe they still are.

We're not scientists, but we know that a report by the Congressional Research Service in November of 1995 raised serious new questions about whether second-hand smoke is really as dangerous as some have suggested. Given the uncertainty of the science, the extreme cost of compliance, the fact that individual business owners are already dealing with the issue, we strongly believe OSHA should drop their current proposal and focus on less dangerous ways to improve worker safety.

Thank you.

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Remarks of
Sally Daniels
Senior Project Director
Roper Starch Worldwide Inc.

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I'm just going to take a few minutes to tell you, very briefly, how we conducted the study and how we tried to make sure that the findings from the study would give an accurate picture of the opinions and beliefs of owners and managers of restaurants and bars across the country. If you have questions later, as you are going through your press kits, I would be happy to tell you more.

The survey was conducted, in September, through telephone interviews with owners and managers of 650 full-service restaurants and 650 bars and taverns. The samples were drawn in a statistically random manner from the national lists of restaurants, bars, and taverns, provided by Survey Sampling Incorporated, a major supplier of survey samples. All interviews were conducted by trained interviewers at Roper's centralized telephone interviewing facilities in New York City. To prevent the biases that might result from interviewing only those owners or managers who were easiest to contact and interview, up to 6 attempts were made to reach each selected establishment, and interviewers scheduled times to call-back respondents who were too busy or otherwise unavailable to be interviewed the first time we called.

The questionnaire was developed by researchers at Roper Starch, based on input from the National Licensed Beverage Association regarding the objectives of the survey and the areas of information to be included. We tried very hard, and believe we succeeded, in writing a questionnaire that is unbiased -- allowing respondents to tell us about their true attitudes and beliefs -- whether they feel positively or negatively about the proposed smoking ban.

Interviews averaged about 10 minutes and included questions about current customer and employee smoking policies; beliefs about the impact of the proposed smoking ban on the establishment; attitudes toward government regulation of smoking in restaurants and bars; and characteristics of the establishment -- such as their size, number of employees, and number of years in business.

The samples of owners and managers actually interviewed, include a good mix of men and women, young and old, and smokers and non-smokers. They represent establishments from all regions of the country, and of all sizes and numbers of employees. They include establishments that currently permit smoking and those who do not.

In short, we believe that this survey has produced an accurate and fair picture of the beliefs and attitudes of owner and managers of restaurants, bars, and taverns, on the issue of federal regulation of smoking in their establishments.

Again, if you have questions, after looking through your press kits, about the way the survey was conducted, please feel free to ask me.

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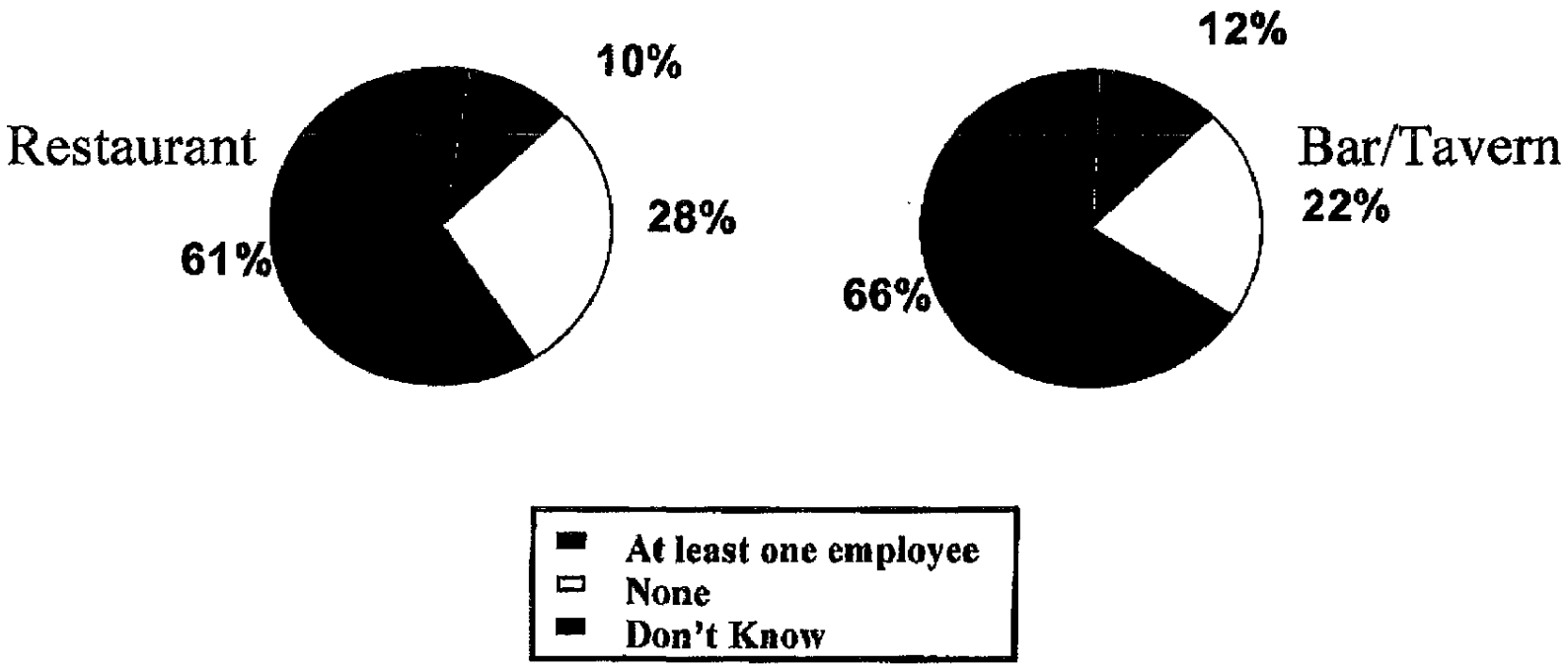
(If making establishments smoke-free would result in lower revenues).
If your revenues were to decrease, how many employees, if any, do you realistically think you would have to lay off?



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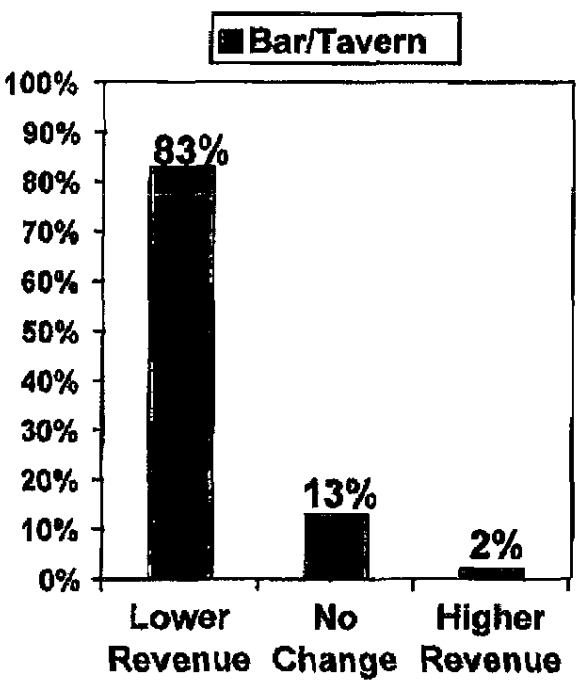
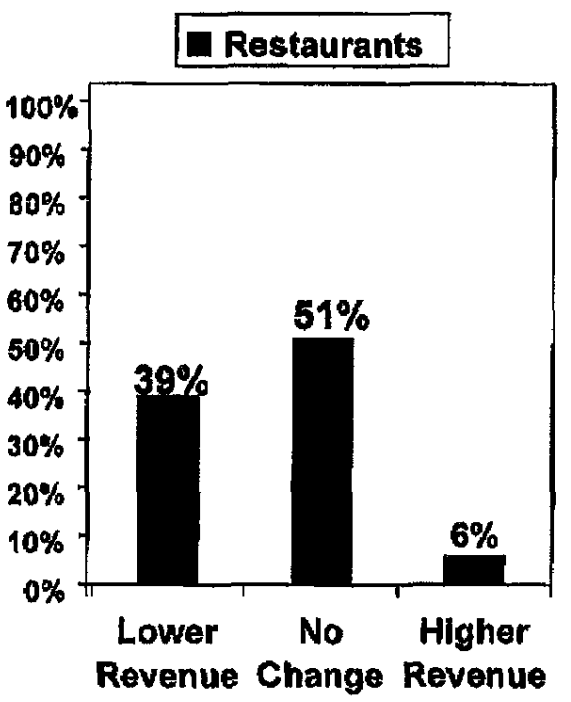
Considering both customers who smoke and those who do not smoke, how do you think making all establishment virtually smoke-free would affect your establishment's overall revenue?





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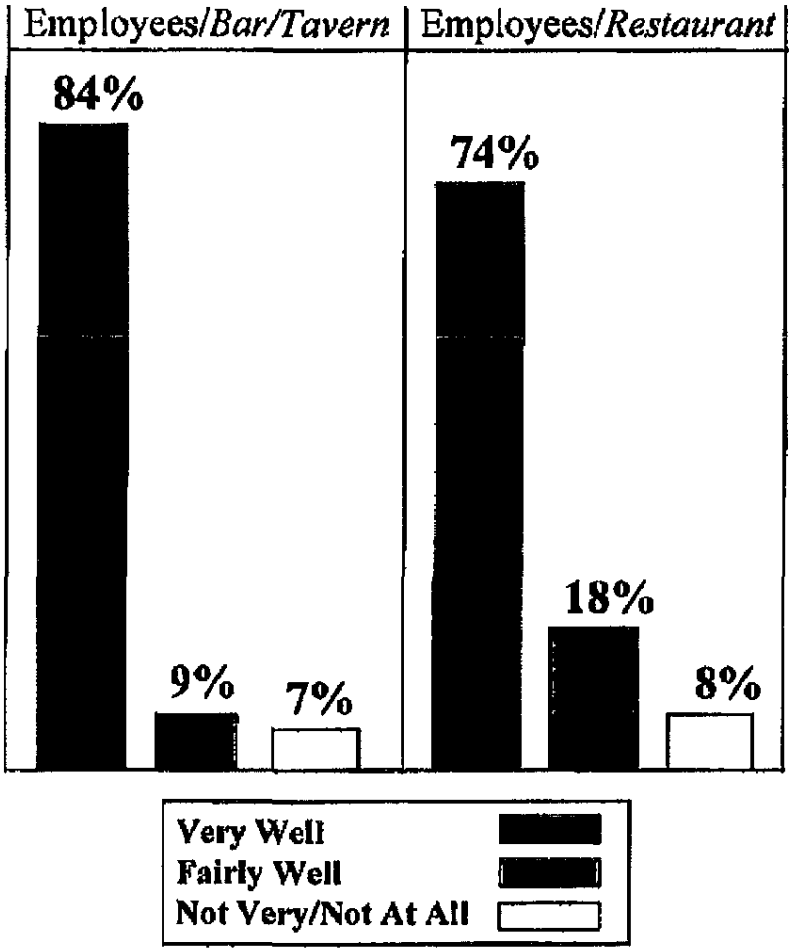
Specifically, with respect to the smoking policy in your establishment, how well has it been accepted by your employees?



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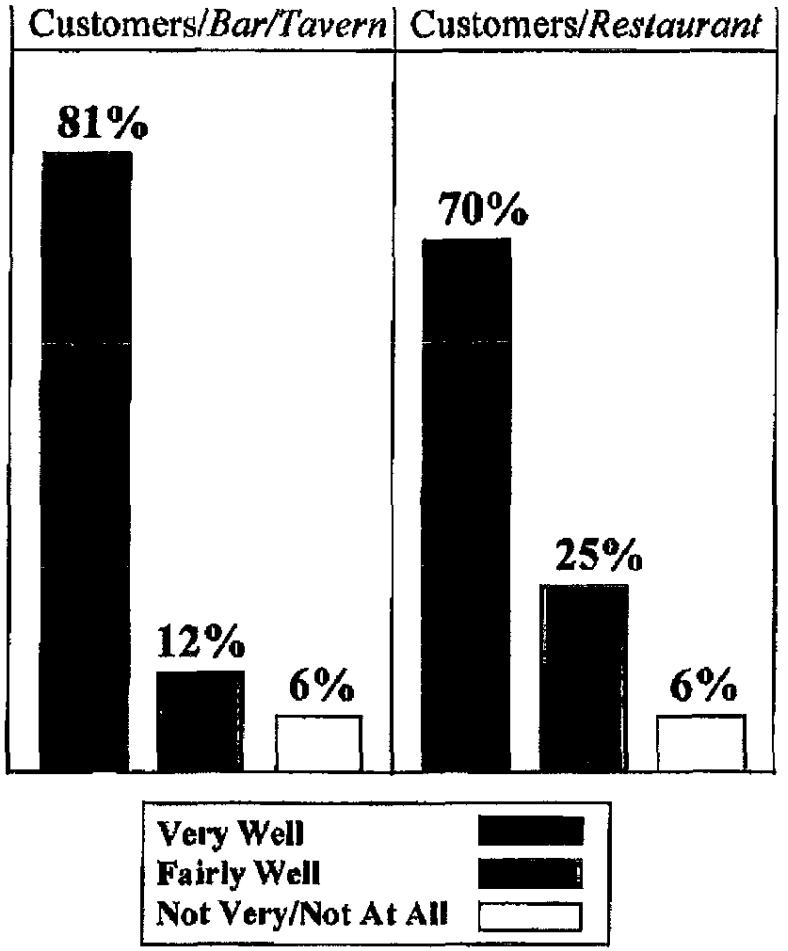
Specifically, with respect to the smoking policy in your establishment, how well has it been accepted by your customers?



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